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*REPORT TO THE
COMMITTEE ON VETERANS' AFFAIRS
HOUSE OF REPRESENTATIVES*

Information On Professional Fees
And Other Compensation Paid For
The Services Of Selected Physicians
Employed At The Veterans'
Administration Hospital In
Miami, Florida

B-166866

Veterans Administration

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

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JUNE 1, 1973



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-166866

The Honorable Wm. Jennings Bryan Dorn
Chairman, Committee on Veterans' Affairs
House of Representatives H 3900

Dear Mr. Chairman:

Your letter of September 7, 1972, requested us to ascertain the amount of fees and other payments to 70 Veterans Administration (VA) physicians by Florida Blue Shield under part B of the Medicare program during the first 8 months of calendar year 1972. As agreed with your office, we have included information on (1) Blue Shield payments to the physicians under other health programs and (2) payments to the physicians by the University of Miami. 16

The physicians were employed at the VA hospital in Miami, Florida. We identified 11 of the physicians as employed full time during all or part of the period January through September 1972 and the remaining 59 as employed part time during all or part of the same period. According to VA records the part-time designations ranged from one-eighth VA employment to seven-eighths VA employment. A VA policy statement issued in February 1970 states that no full-time VA physician may engage in the regular practice of medicine outside the VA institutional environment nor in any activity that can be construed as the continuing care of a non-VA patient. A full-time VA physician may, however, perform and bill for "clinical consultations" under certain circumstances.

The same restrictions on practicing medicine outside the VA setting do not apply to part-time VA physicians. In this regard, we noted that nine of the VA physicians identified as full time in our report (B-166866, April 2, 1970) to your Committee are identified in this report as employed part time (seven-eighths). (See app. I.)

In addition to helping administer the Medicare program, Florida Blue Shield helps administer other Federal or federally assisted health programs involving direct patient care, such as Medicaid, the Civilian Health and Medical Program of the Uniformed Services (CHAMPUS), and the Federal Employees Health Benefits Program (FEHBP). Further, most of the 70 VA physicians were employed also by the university and had received compensation from or through the university which was financed, in part, from Federal grants.

PAYMENTS BY BLUE SHIELD

Florida Blue Shield furnished us with a list of payments for the services of the 70 VA physicians during the period January through September 1972 under the above programs. (See app. I.) We believe that the reported payments, which totaled about \$173,000, are significantly understated because they do not include payments made to departments or other medical groups of the University of Miami Medical School for services billed by these organizations in the physicians' names. Such payments are tabulated annually by Blue Shield. We have requested the carrier to furnish us with such a list for calendar year 1972, which we will send to you.

Bases for payments

The payments include amounts paid to the physicians (assigned claims) under their registry numbers and amounts paid to program beneficiaries on the basis of itemized bills from the physicians (unassigned claims). For example, of the \$139,000 reported as paid under Medicare, about \$101,000 was for unassigned claims and was paid to the beneficiaries who presumably paid the doctors.

Except for \$1,332 paid by Florida¹ to Dr. Enrique Suarez-Diaz, the amounts for Medicaid represent the deductible

¹A review at the Florida Medicaid State agency indicated that this was the only payment made by the State Medicaid program to any of the 70 VA physicians.

and coinsurance amounts applicable to Medicare beneficiaries eligible for both programs. Otherwise, the reported amounts do not include deductible and coinsurance amounts, which are usually beneficiaries' responsibility. For example, the coinsurance for physicians' services under Medicare is 20 percent of allowed charges, which means that the beneficiaries paid or owed the doctors at least \$34,750 more than the \$139,000 reported. The coinsurance under CHAMPUS for physicians' services is 20 percent of allowed charges for dependents of active-duty military personnel and 25 percent of allowed charges for retired personnel and their dependents and for the dependents of deceased personnel.

University's Professional Income Plan

Sixty of the 70 VA physicians were also employed by the university medical school and, according to university officials, were required to participate in the university's Professional Income Plan. Under this plan participating physicians turn over their professional fees to the university medical school for distribution to the school, its departments, and the participating physicians. Therefore, except for the 10 nonparticipating physicians marked with references to note a in appendix I, the amounts paid by Blue Shield presumably were turned over to the university.

COMPENSATION OF VA PHYSICIANS

Appendix II shows the compensation from VA and from or through the university for the 70 VA physicians (for January through July 1972). Fifteen of these physicians were not employed by the university or had not been paid anything by the university during this period. Additional information on the sources of the \$482,000 in compensation from the university is discussed below.

Federal grants and contracts

The \$147,000 in Federal grants and contracts used by the university to compensate the VA physicians was obtained primarily from training and research grants awarded to the

✓ university by the National Institutes of Health, Department
✓ of Health, Education, and Welfare (HEW). Other HEW grant 22
funds involved the Regional Medical Programs Service and the
National Institute of Mental Health of the Health Services
and Mental Health Administration and the Social and Rehabili-
tation Service. There was also one research grant from the
Office of Naval Research, Department of the Navy.

Professional Income Plan

As discussed on page 3, physicians employed by the uni-
versity participate in the university's Professional Income
Plan whereby the fees collected by the physicians are turned
over to the university medical school for distribution.

According to university officials annual gross salary
ceilings are established for physicians employed by the uni-
versity. The compensation received from VA is applied against
the ceiling, and the balance is financed from university funds,
including the funds paid into the Professional Income Plan. A
physician need not generate professional fees to be paid with
funds from the plan. University officials said that physi-
cians may receive bonuses from the plan above their salary
ceilings, if the plan's earnings exceed initial plan expendi-
tures, including basic salary payments to participating
physicians. According to the plan, bonuses are determined on
the basis of the collections attributable to the physicians.

Private grants and contracts

The \$47,000 in private grants and contracts used by the
university to compensate the VA physicians included (1) funds
for research and teaching received from the Cedars of Lebanon
Hospital, (2) a loan from the Dermatology Foundation of Miami
to support the salary of Dr. Henry W. Menn,¹ and (3) a
scholarship grant from the Leukemia Society of America.

¹The loan is repayable by the university from any surplus
funds in the Professional Income Plan generated by the phy-
sician. If Dr. Menn does not generate sufficient funds, the
loan would not be repaid.

Other

The \$104,000 in other funds used by the university to compensate the VA physicians was derived from unrestricted income, such as tuition, unrestricted grants, and investment income.

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We obtained this information principally from Florida Blue Shield, the VA hospital, and the university medical school; however, the matters discussed in this report were not presented to VA, the university, or the individuals mentioned for their review and comment.

Since this report contains information, the disclosure of which may be prohibited by section 1905 of title XVIII, United States Code, we shall not make this report available to the public. The statute referred to makes it a criminal offense to disclose, among other things, the "amount or source of any income, profits, losses, or expenditures" of any person or firm.

We hope that this report is responsive to your Committee's request.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "James B. Adams".

Comptroller General
of the United States

APPENDIX I

PAYMENTS BY FLORIDA BLUE SHIELD
 FOR SERVICES OF VA PHYSICIANS
 UNDER VARIOUS GOVERNMENT HEALTH PROGRAMS

Physician's name and VA employment status	Notes on VA status	Payments (January through September 1972)				
		Total	Medicare	Medicaid	CHAMPUS	FEHBP
Full time:						
Halprin, Kenneth M.		\$ 31	\$ 31	\$	\$	\$
Taylor, Joseph R.						
Altman, Roy	Changed to five-eighths on 7-1-72	368	368			
Barrocas, Marcos	Changed to seven-eighths on 6-25-72					
Taylor, Andrew	Changed to three-eighths on 8-2-72	28			28	
Troost, B. Todd (note a)						
Goodman, James J.	Changed to seven-eighths on 2-6-72					
Magrinat, Gaston S.	Changed to seven-eighths on 5-28-72					
Lieberman, Bernard (note a)						
Lescher, Charles F. (note a)						
Rodriguez, Clemente (note a)						
Total		<u>427</u>	<u>399</u>		<u>28</u>	
Seven-eighths:						
Baum, George (note b)		1,250	1,064	56		130
Befeler, Benjamin		5,238	4,363	7	338	530
Braunstein, Jonathan		1,406	1,236		170	
Castellanos, Augustin, Jr.		649	649			
Fishman, Lawrence (note b)		48	48			
Epstein, Murray	Changed to two-eighths on 7-9-72	777	777			
Harkness, Donald (note b)		362	334		28	
Materson, Barry (note b)		8	8			
Metzger, Robert	Resigned 9-1-72					
Michael, Ulrich		98	98			
Myerburg, Robert		1,367	1,244		113	10
Perez-Stable, Eliseo (note b)		312	74		113	125
Ratzan, Kenneth	Hired 7-1-72					
Rogers, Arvey (note b)		190	121		19	50
Schiff, Eugene		1,199	1,074			125
Schwartz, Arthur (note b)		859	859			
Shaw, William	Resigned 9-27-72	320	320			
David, Noble J. (note b)		2,640	2,270			370
Garrigo, Luis P.	Hired 7-5-72					
Montes-Renzoli, Julio R.						
Daroff, Robert B. (note b)		3,117	3,065		52	
Davidoff, Robert A.		754	754			
Davis, Ross		5,095	4,889	31		175
Hutson, Duane G.		1,700	208		1,320	172
Irving, George L. III		1,980	1,137		158	685
Linn, Bernard		1,821	960	36	825	
Malinin, Theodore						
O'Grady, Guy		2,439	1,839			600
Sutton, Carl						
Thurer, Richard		35				35
Weissman, Bruce	Hired 8-7-72	488	488			
Total		<u>34,152</u>	<u>27,879</u>	<u>130</u>	<u>3,136</u>	<u>3,007</u>

APPENDIX I

Physician's name and VA employment status	Notes on VA status	Payments (January through September 1972)				
		Total	Medicare	Medicaid	CHAMPUS	FEHBP
Five-eighths:						
Reboredo-Newhall, Alfredo (note a)	Changed to seven-eighths on 11-14-72	\$ 2,717	\$ 2,710	\$ 7	\$	\$
Suarez-Diaz, Enrique (note a)		1,332		^c 1,332		
Rosenberg, Eugene	Hired 7-15-72	220	220			
Garciga, Carlos E. (note a)						
Jennings, John	Hired 8-1-72	1,228	1,228			
Miller, Wallace E.	Hired 7-1-72	8,070	7,568	78	424	
Rosomoff, Hubert		21,620	16,038		2,607	2,975
Enis, Jerry	Hired 7-3-72					
Total		<u>35,187</u>	<u>27,764</u>	<u>1,417</u>	<u>3,031</u>	<u>2,975</u>
Four-eighths:						
Vaamonde, Carlos	Changed to seven-eighths on 8-21-72	415	351	64		
Harbour, Mary J. (note a)						
Sharkey, Jerrold	Changed to seven-eighths on 7-1-72	6,126	4,695	10	1,406	15
Block, Norman	Employed 7-1-72					
Lynne, Charles		5,315	4,726	459		130
Page, Larry		4,389	968		2,246	1,175
Vargas, Abelardo	Changed to six-eighths on 4-2-72	1,607	1,300		250	57
Zeppa, Robert	Changed to two-eighths on 2-6-72	3,448	2,425		1,023	
Total		<u>21,300</u>	<u>14,465</u>	<u>533</u>	<u>4,925</u>	<u>1,377</u>
Three-eighths:						
Rubinson, Richard	Hired 4-2-72	5,220			3,720	1,500
Vanderwerf, Ben	Hired 7-23-72	2,710	2,075		75	560
Raskin, Jeffrey		25	25			
Total		<u>7,955</u>	<u>2,100</u>		<u>3,795</u>	<u>2,060</u>
Two-eighths:						
Steuart, Charles	Changed to one-eighth on 8-6-72					
Lessner, Howard		7,617	6,758		589	270
Devine, John, Jr. (note a)		772	772			
Goldstein, Harold (note a)		16,521	14,353	30	1,481	657
Total		<u>24,910</u>	<u>21,883</u>	<u>30</u>	<u>2,070</u>	<u>927</u>
One-fifth:						
Chandler, James R.		24,620	22,817	72	1,581	150
One-eighth:						
Mann, Henry W., Jr.	Changed to four-eighths on 9-3-72	17,484	16,247	152	413	672
Bricker, Lee		287	264		23	
Sachs, Joseph		52	52			
Machemer, Robert		6,767	5,317		450	1,000
Total		<u>24,590</u>	<u>21,880</u>	<u>152</u>	<u>886</u>	<u>1,672</u>
Total		<u>\$173,141</u>	<u>\$139,187</u>	<u>\$2,334</u>	<u>\$19,452</u>	<u>\$12,168</u>

^aNot employed by the University, and any professional fees shown would not be required to be turned over to the university's Professional Income Plan.

^bIdentified in prior report (B-166866, April 2, 1970) as full-time VA physicians.

^cPaid by State.

APPENDIX II

PAYMENTS BY VA AND UNIVERSITY OF MIAMI
FOR SERVICES OF SELECTED VA PHYSICIANS

Physicians' name and VA employment status	Notes on university employment status	Compensation (January through July 1972)						
		University of Miami						
		Total	VA salary	Total	Federal grants and contracts	Profes- sional Income Plan	Private grants and contracts	Other
Full time:								
Halprin, Kenneth M.		\$ 27,048	\$ 20,048	\$ 7,000	\$	\$	\$	\$ 7,000
Taylor, Joseph R.		17,454	17,454					
Altman, Roy		17,021	14,740	2,281		2,281		
Barrocas, Marcos	Hired 6-26-72	15,417	15,417					
Taylor, Andrew		16,751	14,321	2,430	711	517	361	841
Troost, B. Todd	Not employed	14,321	14,321					
Goodman, James J.	Hired 4- 1-72	18,012	16,184	1,828	1,000	828		
Magrinat, Gaston S.	Hired 6- 1-72	19,689	19,189	500	500			
Lieberman, Bernard	Not employed	20,333	20,333					
Lescher, Charles F.	Not employed	17,773	17,773					
Rodriguez, Clemente	Not employed	17,128	17,128					
Total		200,947	186,908	14,039	2,211	3,626	361	7,841
Seven-eighths:								
Baum, George		23,243	17,793	5,450		5,050		400
Befeler, Benjamin		22,276	13,036	9,240	2,801	6,439		
Braunstein, Jonathan		20,630	16,423	4,207	2,778	1,429		
Castellanos, Augustin, Jr.		17,760	14,599	3,161	600		2,561	
Fishman, Lawrence		20,906	15,277	5,629	4,758	871		
Epstein, Murray		21,398	12,339	9,059	4,451	2,525		2,083
Harkness, Donald		24,396	16,452	7,944	6,249	995		700
Materson, Barry		16,561	15,064	1,497	1,497			
Metzger, Robert		18,152	14,142	4,010	2,434	1,576		
Michael, Ulrich		14,200	13,709	491	482	9		
Myerburg, Robert		22,146	17,543	4,603	700	2,313	1,590	
Perez-Stable, Eliseo		26,722	17,793	8,929	8,285	644		
Ratzan, Kenneth	Hired 7- 1-72	1,886	1,421	465	465			
Rogers, Arvey		25,147	17,793	7,354	7,354			
Schiff, Eugene		20,485	14,878	5,607	3,941	1,666		
Schwartz, Arthur		19,833	17,336	2,497	2,152	345		
Shaw, William		23,560	15,967	7,593	7,360	233		
David, Noble J.		24,693	17,793	6,900		4,800	2,100	
Garrigo, Luis P.	Hired 7- 1-72	1,507	1,507					
Montes-Renzoli, Julio R.		18,758	13,293	5,465		2,164		3,301
Daroff, Robert B.		24,641	15,277	9,364		9,364		
Davidoff, Robert A.		21,023	16,418	4,605		(368)		4,973
Davis, Ross		26,225	15,558	10,667		1,636		9,031
Hutson, Duane G.		20,163	16,423	3,740	1,525	1,989		226
Irving, George L. III		25,293	15,967	9,326	6,458	1,742		1,126
Linn, Bernard		21,811	15,967	5,844	2,500	3,344		
Malinin, Theodore		18,945	16,880	2,065	884	1,181		
O'Grady, Guy		14,243	12,342	1,901		1,901		
Sutton, Carl		25,555	13,310	12,245		1,387		10,858
Thurer, Richard		22,468	15,195	7,273	5,228	1,395		650
Weissman, Bruce	Hired 6-15-72							
Total		604,626	437,495	167,131	72,902	54,630	6,951	32,648
Five-eighths:								
Reboredo-Newhall, Alfredo	Not employed	12,529	12,529					
Suarez-Diaz, Enrique	Not employed	9,320	9,320					
Rosenberg, Eugene	Hired 3- 1-72	6,192	308	5,884		5,884		
Garciga, Carlos E.	Not employed	12,383	12,383					
Jennings, John	Hired 8- 1-72							
Miller, Wallace E.		24,908	1,199	23,709	4,905	13,700		5,104
Rosomoff, Hubert		36,744	12,709	24,035		1,923	12,833	9,279
Enis, Jerry		2,218	528	1,690		1,690		
Total		104,294	48,976	55,318	4,905	23,197	12,833	14,383

APPENDIX II

Physicians' name and VA employment status	Notes on university employment status	Compensation (January through July 1972)						
		University of Miami						
		Total	VA salary	Total	Federal grants and contracts	Profes- sional Income Plan	Private grants and contracts	Other
Four-eighths:								
Vaamonde, Carlos		24,792	15,967	8,825	6,305	2,520		
Harbour, Mary J.	Not employed	9,224	9,224					
Sharkey, Jerrold		15,102	7,834	7,268		7,268		
Block, Norman	Hired 7- 1-72	1,961	634	1,327		1,160		167
Lynne, Charles		16,598	7,382	9,216		8,883		333
Page, Larry		24,268	8,863	15,405	773	1,178		13,454
Vargas, Abelardo		14,420	9,805	4,615		4,615		
Zeppa, Robert		37,152	6,330	30,822	17,066	5,805		7,951
Total		143,517	66,039	77,478	24,144	31,429		21,905
Three-eighths:								
Rubinson, Richard		17,452	3,149	14,303	1,450	6,311		6,542
Vanderwerf, Ben	Hired 5- 1-72	17,084		17,084	5,000	1,260		^a 10,824
Raskin, Jeffrey		12,187	5,537	6,650		3,325		3,325
Total		46,723	8,686	38,037	6,450	10,896		20,691
Two-eighths:								
Steuart, Charles		22,041	3,910	18,131	5,788		12,343	
Lessner, Howard		29,373	4,171	25,202	10,498	11,554		3,150
Devine, John, Jr.	Not employed	3,561	3,561					
Goldstein, Harold	Not employed	3,389	3,389					
Total		58,364	15,031	43,333	16,286	11,554	12,343	3,150
One-fifth:								
Chandler, James R.		37,578	4,067	33,511	50	29,838		3,623
One-eighths:								
Menn, Henry W., Jr.		16,554	2,036	14,518		8,518	6,000	
Bricker, Lee		18,885	1,790	17,095	15,773	1,322		
Sachs, Joseph	Hired 7- 1-72	2,229	56	2,173	2,173			
Machemer, Robert		21,445	2,014	19,431	2,292	8,674	8,465	
Total		59,113	5,896	53,217	20,238	18,514	14,465	
Total		\$1,255,162	\$773,098	\$482,064	\$147,186	\$183,684	\$46,953	\$104,241

^aIncludes \$6,667 paid by Mt. Sinai Hospital in Miami Beach from January through April 1972.